

Message Text

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TO AMEMBASSY COLOMBO

AMEMBASSY KATHMANDU

UNCLAS STATE 281896

COLOMBO FOR BILLINGS

E.O. 11652: N/A

TAGS:OCON, EAID, NP

SUBJECT: COLOMBO PLAN CONSULTATIONS COMMITTEE MEETING

REF: KATHMANDU 4974

1. APPRECIATE PROMPT REPLY IN REFTEL. DELEGATION IS DELIGHTED THAT AMBASSADOR HECK HAS AGREED TO CO-HOST MEETING. WARNE AND MEEHAN WILL DISCUSS ARRANGEMENTS WHEN THEY ARRIVE. WE HAVE PREPARED DRAFT SPEECH WHICH CAN BE USED IN PART AS A RESPONSE TO THE KING'S WELCOMING SPEECH AND ALSO IN PART FOR OPENING DELEGATION ADDRESS ON SUBSTANTIVE ISSUES. WE PLAN TO TRIM SPEECH FOR OPENING SESSION. WE WOULD APPRECIATE YOU LOOKING OVER DRAFT SPEECH AND GIVING US YOUR COMMENTS WHEN WARNE AND UNCLASSIFIED

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MEEHAN REACH KATHMANDU. THE DELEGATION WILL DRAFT CLOSING COMMENTS AT KATHMANDU. WE WILL HAND CARRY POSITION PAPERS AND SEND BY CABLE PAPER FOR INFORMATION OFFICERS' COMMITTEE.

2. FOLLOWING IS DRAFT TEXT OF RESPONSE TO THE KING'S WELCOMING SPEECH:

QUOTE:

IT IS A GREAT PLEASURE FOR ME TO RESPOND TO THE WELCOMING SPEECH OF OUR HOSTS, THE KINGDOM OF NEPAL. ON BEHALF OF ALL THE DELEGATIONS, I WOULD LIKE TO THANK YOUR MAJESTY BIRENDRA FOR YOUR COUNTRY'S WARM RECEPTION AND HOSPITALITY. SOME OF US HAVE TRAVELLED HALF THE WAY AROUND THE GLOBE TO PARTICIPATE IN THE CONSULTATIVE COMMITTEE, AND AT OUR JOURNEY END IT IS WONDERFUL TO BE GREETED BY SUCH HOSPITALITY AND GOOD CHEER. SURELY THIS RECEPTION AND FRIENDSHIP AUGUR WELL FOR A CONSTRUCTIVE, FORWARD LOOKING MINISTERIAL MEETING THAT WILL BE A HIGH POINT IN THE COLOMBO PLAN'S EFFORTS TO ADVANCE ECONOMIC DEVELOPMENT AND COOPERATION AMONG ITS MEMBERS.

INDEED, AS THE DRAFT REPORT POINTS OUT, WE FACE A PARTICULARLY GREAT CHALLENGE THIS YEAR. THE PAST TWO YEARS HAVE BEEN DIFFICULT FOR ALL OF US, PARTICULARLY FOR THE PLAN'S DEVELOPING MEMBERS. ECONOMIES HAVE BEEN SLUGGISH, AND ARE PLAGUED WITH PRICE INFLATION, HIGH LEVELS OF UNEMPLOYMENT, AND BALANCE OF PAYMENTS PROBLEMS. CONCRETE ACTIONS ARE NEEDED TO RELIEVE THE SPECIAL BURDENS THIS SITUATION PLACES ON THE POOREST NATIONS. IT ALSO UNDERLINES THE FACT THAT PROSPERITY OF EACH NATION DEPENDS UPON THE WELL-BEING OF OTHERS -- I.E., A WORLD UNCLASSIFIED

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OF ECONOMIC INTERDEPENDENCE. MUTUAL HELP IS THE HALLMARK OF THE COLOMBO PLAN. I HOPE THAT WE ARE ABLE TO ADOPT THIS COMMON THEME IN OUR FORTHCOMING DELIBERATIONS SO THAT WE MIGHT FOCUS ON THE TASKS AHEAD AND THEREBY PUT THE PLAN'S GOODWILL AND CONSTRUCTIVE PURPOSE TO ITS FULLEST POTENTIAL.

DEVELOPMENT ASSISTANCE

THE CONSULTATIVE COMMITTEE'S OFFICIALS' MEETING HAS DISCUSSED THE VITAL ROLE OF FINANCIAL TRANSFERS TO THE DEVELOPMENT PROCESS. THE UNITED STATES IS COMMITTED TO SUBSTANTIAL INCREASES IN OUR AID PROGRAM. AS THIS YEAR'S DRAFT ANNUAL REPORT INDICATES, MANY ASIAN COUNTRIES ARE MAKING RAPID ECONOMIC PROGRESS. BUT, THE DEVELOPMENT PACE COULD AND SHOULD BE FASTER, AND THE DISTRIBUTION OF BENEFITS FROM THIS GROWTH COULD BE BETTER BALANCED. THE BULK OF THE WORLD'S POPULATION RESIDES IN ASIA. THE LOW INCOME, FOOD DEFICIT COUNTRIES FACE LAGGING FOOD PRODUCTION AND RAPID POPULATION GROWTH. EXCLUDING THE PEOPLE'S REPUBLIC OF CHINA AND THE SOVIET UNION, ASIA ACCOUNTS FOR 40 PERCENT OF THE WORLD'S PREDICTED FOOD DEFICIT FOR 1990. OUR COMMON LONG TERM GOAL SHOULD BE TO HELP ASIAN FOOD PRODUCTION EXPAND MORE RAPIDLY. DURING 1960-75 ASIAN FOOD PRODUCTION INCREASED AT AN ANNUAL OF ABOUT 2.5 PERCENT; A MUCH HIGHER RATE OF

FOOD PRODUCTION IS NEEDED. WE HOPE THAT THE LOW INCOME, FOOD GRAIN PRODUCTION OF 4.2 PERCENT BY 1990. THE ASIAN FOOD EXPORTING COUNTRIES, WE BELIEVE, SHOULD STRIVE FOR A 3-TO-5 PERCENT ANNUAL INCREASE IN GRAIN PRODUCTION.

THE COLOMBO PLAN, WE BELIEVE, SHOULD CONTINUE TO FOCUS ON THE TOO RAPID GROWTH OF POPULATION IN ASIA. THE REGION'S CURRENT GROWTH RATE IS 2.2 PERCENT, WHICH WOULD MEAN A UNCLASSIFIED

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PROJECTED TOTAL POPULATION OF 1.5 BILLION BY 1990, AN INCREASE OF 40 PERCENT.

THE PLAN MIGHT CONSIDER SEEKING A FERTILITY RATE IN YEAR 2000 WHICH WOULD JUST REPLACE THE POPULATION. THIS WOULD MEAN THAT COUPLES WOULD PRODUCE AN AVERAGE OF TWO CHILDREN WHO SURVIVE TO ADULTHOOD.

TO SUPPORT THESE AMBITIOUS GOALS, THE UNITED STATES INCREASED BY NEARLY 50 PERCENT ITS BILATERAL CONCESSIONAL ASSISTANCE FOR ASIA FOR US FISCAL YEAR 1978 OVER THE PREVIOUS YEAR. WE PLAN TO PROVIDE 365 MILLION DOLLARS OF DEVELOPMENT ASSISTANCE FOR THIS PERIOD TO ASIA COMPARED TO 248 MILLION DOLLARS LAST YEAR. WE ARE CONSIDERING ANOTHER INCREASE NEXT YEAR BOTH IN OVERALL AID LEVELS AND THE AMOUNT FOR ASIA. WE ARE ALSO COMMITTED TO CONTRIBUTING 2.4 BILLION DOLLARS, OR 31 PERCENT OF IDA V. WE ALSO SUPPORT, IN CONJUNCTION WITH OTHER DONORS, AN INCREASE IN THE RESOURCES OF THE WORLD BANK AND REGIONAL BANKS, INCLUDING THE ASIAN DEVELOPMENT BANK.

FOOD PRODUCTION AND BASIC HUMAN NEEDS

YOUR MAJESTY, WE ARE PLEASED TO NOTE THAT NEPAL GIVES TOP PRIORITY TO INCREASING AGRICULTURAL PRODUCTION. WE AGREE WITH SUCH A PRIORITY AND ARE ALSO COMMITTED TO IT. THE US WANTS TO REACH AN INTERNATIONAL AGREEMENT ON WHEAT AND IS PLEDGED TO HELP FOOD DEFICIT COUNTRIES THROUGH INCREASING FOOD AID. MANY PARTICIPANTS HERE, INCLUDING OURSELVES, HAVE NOW RATIFIED AND DEPOSITED CONTRIBUTIONS TO THE INTERNATIONAL FUND FOR AGRICULTURE AND DEVELOPMENT. THESE AND RELATED EFFORTS, WE BELIEVE, UNCLASSIFIED

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SHOULD FOCUS ON BASIC HUMAN NEEDS. THIS FOCUS REPRESENTS A NEW DIRECTION IN OUR FOREIGN ASSISTANCE. THIS "NEW DIRECTION" FAVORS ECONOMIC DEVELOPMENT COUPLED WITH EQUITY. AFTER DECADES OF EXPERIENCE WITH DEVELOPMENT

ASSISTANCE, WE BELIEVE THAT SUCCESSFUL DEVELOPMENT EFFORTS MUST TACKLE POVERTY DIRECTLY. INVESTMENTS IN LARGE INFRASTRUCTURE AND INDUSTRIAL PROJECTS ARE NEEDED, BUT

THE MOST SUCCESSFUL DEVELOPMENTAL EFFORTS ARE DIRECTED TOWARD BASIC HUMAN NEEDS. THUS, WE PLEDGE OUR SUPPORT TO DEVELOP RURAL AREAS WHERE MOST OF THE POOREST LIVE; TO INCREASE FOOD PRODUCTION AND BETTER NUTRITION; TO EXTEND MEDICAL CARE AND FAMILY PLANNING TO THESE IMPROVERISHED AREAS; AND TO EXPAND PRIMARY AND SECONDARY EDUCATION, AND ON-THE-JOB TRAINING. WE PLAN TO WORK CLOSELY WITH THOSE COUNTRIES WHICH WILL JOIN IN A COOPERATIVE EFFORT TO IMPROVE THE WELL-BEING OF POOR PEOPLE.

SUSTAINED ECONOMIC RECOVERY

I AM SURE THAT ALL MEMBERS OF THE PLAN ARE PREPARED TO DO THEIR PART IN MEETING THE CHALLENGES OF THE CURRENT ECONOMIC DIFFICULTIES. THE UNITED STATES PLACES PRIORITY ON OBTAINING RECOVERY FROM THE WORST RECESSION OF THE PAST FORTY YEARS. IN COOPERATION WITH OTHERS, WE ARE STRIVING TO RESUME HIGH AND STABLE GROWTH RATES. WE EXPECT TO ACHIEVE NEARLY A FIVE PERCENT REAL GROWTH THIS YEAR AND ARE COMMITTED TO MAINTAINING STRONG GROWTH IN 1978. THE GROWTH OF MARKETS AND ECONOMIC ACTIVITY IN THE DEVELOPING WORLD ARE ESSENTIAL TO THIS RECOVERY.

OPEN WORLD TRADING SYSTEM

AN OPEN WORLD TRADING SYSTEM SERVES DEVELOPMENTAL NEEDS BY PROMOTING WORLD ECONOMIC PROSPERITY. EXPORTS RATHER UNCLASSIFIED

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THAN OFFICIAL ASSISTANCE ARE THE MAIN SOURCE OF FOREIGN EXCHANGE OF MOST DEVELOPING COUNTRIES. OUR IMPORTS FROM NON-OIL DEVELOPING COUNTRIES HAVE GROWN BY 300 PERCENT IN THE LAST SEVEN YEARS. MORE THAN ONE-QUARTER OF US TRADE HAS BEEN WITH ASIA. THE MULTILATERAL TRADE NEGOTIATIONS OFFER A CONCRETE WAY TO EXPAND TRADE FURTHER. WE ASK ALL PARTICIPANT COUNTRIES, DEVELOPED AND DEVELOPING, TO JOIN IN MAKING A SUCCESS OF THE TOKYO ROUND. OUR MUTUAL PROSPERITY DEPENDS ON IT.

COMMODITY ARRANGEMENTS

MANY OF THE COLOMBO PLAN'S PARTICIPANTS ARE MAJOR EXPORTERS OF RAW MATERIALS. EXCESSIVE COMMODITY PRICE FLUCTUATIONS DISRUPT THE DEVELOPMENT PLANS OF PRODUCING COUNTRIES AND ENCOURAGE PRICE INFLATION. COMMODITY AGREEMENTS, AS LONG AS THEY ARE PROPERLY CONCEIVED AND MANAGED, CAN HELP STABILIZE PRICES. WE ARE PREPARED TO

JOIN SPECIFIC AGREEMENTS, WHICH WOULD IMPROVE THE
FUNCTIONING OF COMMODITY MARKETS, AND TO SUPPORT A COMMON
FUND TO FACILITATE THE FINANCING OF BUFFER STOCKS ARISING

FROM THESE AGREEMENTS. WE ARE ALSO PREPARED TO CONSIDER
PROVIDING ASSISTANCE THROUGH APPROPRIATE INTERNATIONAL
INSTITUTIONS TO IMPROVE PRODUCTIVITY, MARKET DIVERSIFICA-
TION, AND RESEARCH.

TECHNOLOGICAL IMPROVEMENTS

IT IS APPROPRIATE THAT OUR SPECIAL TOPIC THIS YEAR
SHOULD BE TRANSFER OF TECHNOLOGY, BECAUSE OF ITS CRUCIAL
ROLE IN THE DEVELOPMENT PROCESS. WE FULLY SUPPORT SUCH
TRANSFERS. TOGETHER WE NEED TO DEVELOP HUMAN RESOURCES
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TO RECEIVE AND APPLY THE TECHNOLOGY THAT IS AVAILABLE.
ALL OF US WELCOME STUDENTS FROM AROUND THE WORLD TO
STUDY EACH OTHER'S TECHNOLOGY AND METHODS. FOR EXAMPLE,
OVER 150,000 STUDENTS FROM DEVELOPING COUNTRIES ARE
STUDYING IN US UNIVERSITIES. WE ALSO SUPPORT THE
DEVELOPMENT OF A VOLUNTARY CODE OF CONDUCT TO ENCOURAGE
COMPETITION AND REFLECT THE MUTUAL INTERESTS OF SUPPLIERS
AND POTENTIAL USERS. AS A NUMBER OF DELEGATES POINTED
OUT, HOWEVER, WE SHOULD ULTIMATELY AIM TO DEVELOP A
SELF-SUSTAINING, INDIGENOUS CAPACITY FOR TECHNOLOGICAL
ADAPTATION AND INNOVATION. THIS IS A MAJOR GOAL OF
THE 1979 UN CONFERENCE ON SCIENCE AND TECHNOLOGY FOR
DEVELOPMENT. ALL OF US ATTACH IMPORTANCE TO THIS
CONFERENCE. ALREADY EXTENSIVE PREPARATORY WORK IS
UNDERWAY. WE HOPE THAT OUR CONTRIBUTIONS TO IT WILL
DRAW UPON THE KNOWLEDGE AND EXPERIENCE OF OUR UNIVERSITIES,
RESEARCH INSTITUTES, INDUSTRIES, LABOR UNIONS AND OTHER
INTERESTED GROUPS.

YOUR MAJESTY, WE JOIN WITH YOU IN APPLAUDING THE
COLOMBO PLAN'S EFFORTS TO MAINTAIN PEACE AND STABILITY
AND TO PROMOTE ECONOMIC GROWTH IN ASIA. OUR AIM IS TO
SUSTAIN THE PLAN'S PURPOSES. TO THIS END, WE ARE
CONSIDERING EXPANDING OUR SUPPORT FOR THE PLAN'S
EFFECTIVE NARCOTICS PREVENTION PROGRAM. IN ADDITION,
IT IS A PLEASURE FOR ME TO ANNOUNCE THAT THE UNITED
STATES IS PREPARED TO HOST NEXT YEAR'S CONSULTATIVE
MEETING IN WASHINGTON, D.C. THIS OFFER IS INDICATIVE
OF OUR FULL SUPPORT FOR ASIAN ECONOMIC DEVELOPMENT AND
OUR DESIRE TOPARTICIPATE IN THE COLOMBO PLAN'S EFFORTS
TO PROMOTE ASIAN PROSPERITY AND COOPERATION.

THANK YOU.

VANCE

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